ANNUAL REPORT
2002-2003

Department of Development and Technology

Prince Edward Island

CANADA

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Message from the Minister

The Honourable Leonce Bernard
Lieutenant Governor of Prince Edward Island

May It Please Your Honour:

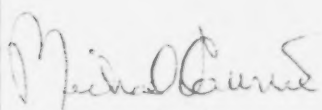
It gives me great pleasure to submit the Annual Report for the Department of Development and Technology for the fiscal year 2002-2003.

It is the primary responsibility of this department to create employment and prosperity for the people of Prince Edward Island. Over the past year, we have enjoyed great success in this area; we look forward to even greater success in the year ro come.

It is my privilege to endorse this 2002-2003 Annual Report of the Department of Development and Technology.

My staff and I are looking forward to working with Islanders to further develop the economy of our Province.

Your Obedient Servant,



Michael Currie
Minister

Message from the Deputy Minister

Honourable Michael Currie
PEI Department of Development and Technology
P.O. Box 2000
Charlottetown, PE
C1A 7N8

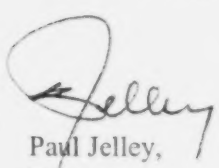
Dear Minister

It is my pleasure to submit herewith the 2002-2003 Annual Report for the Department of Development and Technology.

Thanks to the hard work, imagination and dedication of the department's staff, the Province of Prince Edward Island has achieved remarkable economic growth over the past year. Thanks to our partners in the business community, this growth is providing a solid foundation for continued economic prosperity.

It is my privilege to endorse this 2002-2003 Annual Report of the Department of Development and Technology.

Yours sincerely,



Paul Jelley,
Deputy

Year in Review

The Department of Development and Technology has a number of divisions that provide services to the public and support services to the Department.

Access PEI
The Access PEI concept is an important tool to strengthen communities. Multi-level, single window service delivery in local communities:

- connects the community to a range of government services;
- makes government services at all levels accessible;
- facilitates successful efforts to utilize government services;
- eliminates red-tape barriers to business and social development;
- keeps people in their home communities and encourages investment in those communities;
- provides a centre for community development efforts.

Significant progress has been made in co-locating services within Access PEI sites: examples include HRDC services in Wellington and O'Leary and East Prince Health in Summerside.

Communications
The purpose of this Division is to work with other divisions and agencies within the Department of Development and Technology to communicate, both externally and internally, the activities and programs of the Department.

The past year has provided new challenges as well as the successful continuation of a number of projects.

A survey of staff indicated a need for more internal communication; as a result, the communications division began a newsletter for the entire Ministry. The newsletter informs staff about important initiatives as well as news of staff changes and social events. It also provides profiles of various parts of the Ministry so staff will have a better idea of the function of the Ministry as a whole.

The past year saw a re-alignment of communications staff to better serve the needs of the Ministry as a whole.

Community and Labour Development
The primary role of the Division is coordination of a community-based development process with support from a Community Development Bureau and the management of a Federal/Provincial Labour Market Development Agreement. In addition the Division manages and delivers a variety of programs and services in support of small business, entrepreneurship, employment development and community development. The Division also participates in related departmental policy and planning initiatives to fulfil this role. The major objectives of the Division in fulfilling this mandate include the following:

- support for community-based development processes;
- encourage and assist community-based economic development initiatives;
- support community-based job creation in cooperation with local community economic development groups; and
- manage, administer, and coordinate Division policy and program mandates to ensure their implementation in a timely and efficient manner.

Energy and Minerals
The Energy and Minerals Division is responsible for the development and overall implementation of energy policy for the provincial government.

The division also regulates and encourages the exploration for minerals and natural gas. In total, more than 400,000 hectares of PEI land is under exploration for oil and natural gas. An energy database is maintained which monitors the supply, demand and cost of energy and/or fuels used within the province.

A significant achievement was the commissioning, in 2001, of 8 wind turbines, at North Cape. Work is now well underway for an additional 8 turbines which will provide approximately 4 per cent of the province's total energy needs.

The Division continues to work towards making natural gas available on PEI.

The Division also represents the province in regional and national energy matters.

In November 2003, the division re-located to the newly formed Department of Energy and Environment.

Finance and Administration
The Finance and Administration Division provides support services to the department for all budget and personnel issues. There are four persons who work in the division. Overall, within the Ministry, there are 92 staff consisting of 67 full-time and 25 casual positions. The 2002-2003 budget estimates were $ 6,267,900.00.

Immigration, Investment and Trade Policy
The role of the Division is to develop, coordinate and implement policy in the areas of immigration, investment and trade within the Department. The Division is also responsible for the operation and management of Island Investment Development Inc. (IIDI).

The Immigration, Investment and Trade Policy Division covers a wide range of responsibilities which support departmental economic development objectives.

A significant development for 2002 - 2003 was the launch of the PEI Nominee Program. The program offers immigrants three streams of entry to the province and is intended to offset some of the challenges faced by the province in attracting immigrants.

The Division is responsible for the immigration policy area and also for administering the Federal Government Business Immigration Program, including the management and operation of Island Investment Development Inc. (Island Funds) and the Prince Edward Island Century 2000 Fund. The Division is also responsible for other areas of immigration policies which include resettlement programs, humanitarian issues regarding refugees, and the new Federal Immigration Policy Levels and Issues.

The Division also provides strategic policy direction in the areas of internal and international trade. Major issues included : softwood lumber; the WTO dairy dispute and the Agreement on Internal Trade (AIT).

Policy and Planning

The Policy and Planning Division provides policy and planning support, as well as computer support (including the development of computer systems) for all staff within the department.

The division is responsible for Prince Edward Island's award-winning Internet Information Centre which promotes PEI as a place to do business, a place to visit and provides information about PEI for Islanders and Internet users alike. A few of the many new features on the Internet Information Centre included the addition of a number of forms which can be filled out online; an Address locator and an Island music radio station.

Bilan de l'année

Le ministère du Développement et de la Technologie comprend plusieurs divisions offrant des services au public ainsi que des services de soutien au ministère.

Accès Î.-P.-É.
Le concept d'Accès Î.-P.-É. est un outil important pour renforcer les communautés. Le guichet à service unique à niveaux multiples dans les communautés locales :

- met la communauté en contact avec un éventail de services gouvernementaux;
- rend les services gouvernementaux accessibles à tous les niveaux;
- facilite l'utilisation des services gouvernementaux;
- élimine les obstacles administratifs au développement commercial et social;
- garde les gens dans leur communauté et encourage l'investissement dans ces communautés;
- offre un centre aux efforts de développement communautaire.

On a fait des efforts sérieux pour regrouper d'autres services sous le même toit que ceux d'Accès Î.-P.-É., notamment les services de DRHC à Wellington et à O'Leary, et de Santé Prince-Est, à Summerside.

Communications
Cette division a pour but de travailler avec d'autres divisions et organismes du ministère du Développement et de la Technologie afin de faire connaître, tant à l'intérieur qu'à l'extérieur, les activités et les réalisations du ministère.

L'année dernière a permis de relever de nouveaux défis et de poursuivre avec succès de nombreux projets.

Un sondage auprès du personnel a indiqué le besoin de plus de communication interne; cela a mené à la création d'un bulletin pour tout le ministère. Le bulletin informe le personnel des projets importants, des changements de personnel et des événements sociaux. Il fait connaître au personnel les différents rouages du ministère, ce qui lui donne une meilleure idée de la fonction du ministère dans son ensemble.

Par ailleurs, un remaniement du personnel des communications s'est opéré au cours de la dernière année afin de mieux satisfaire aux besoins de l'ensemble du ministère.

Développement de la communauté et des ressources humaines
Le rôle premier de la Division consiste à coordonner un processus de développement communautaire avec l'aide d'un bureau de développement communautaire et la gestion d'une Entente fédérale-provinciale sur le développement du marché du travail. De plus, la Division gère et livre une variété de programmes et de services au soutien des petites entreprises, de l'esprit d'entreprise, du développement de l'emploi et du développement communautaire. Elle participe également à des initiatives liées à la planification et aux politiques du ministère pour remplir ce rôle. Les principaux objectifs de la Division dans l'accomplissement de son mandat sont entre autres :

- appuyer les processus de développement communautaire;
- encourager et aider les initiatives de développement économique communautaire;
- appuyer la création d'emplois communautaires en collaboration avec les groupes de développement économique communautaire locaux; et
- gérer et coordonner les mandats contenus dans les politiques et programmes du ministère afin de veiller à leur mise en œuvre en temps opportun et d'une manière efficace.

Énergie et minéraux
La Division de l'énergie et des minéraux est responsable du développement et de la mise en œuvre globale de la politique énergétique du gouvernement provincial.

La Division réglemente et encourage également l'exploration des minéraux et du gaz naturel. Au total, plus de 400 000 hectares de terre de l'Î.-P.-É. sont explorés pour trouver du pétrole et du gaz naturel. On gère une base de données sur l'énergie à l'aide de laquelle on surveille l'approvisionnement, la demande et le coût de l'énergie et/ou des carburants utilisés dans la province.

La mise en service, en 2001, de 8 éoliennes, à North Cape, est une réalisation importante. Les travaux portant sur 8 éoliennes supplémentaires sont bien amorcés, ce qui fournira environ 4 pour cent des besoins énergétiques totaux de la province.

La Division s'efforce toujours de mettre le gaz naturel à la disposition de l'Î.-P.-É.

La Division représente également la provinces dans les questions énergétiques régionales et nationales.

En novembre 2003, la Division s'est relogée dans le nouveau ministère de l'Énergie et de l'Environnement.

Finances et administration
La Division des finances et de l'administration offre des services de soutien au ministère concernant toutes les questions de budget et de personnel. Quatre personnes travaillent à la Division. En tout, le ministère comprend 92 employé(e)s don't 67 à temps plein et 25 occasionnels. Les estimés budgétaires 2002-2003 s'élevaient à 6,267,900.00$.

Politique en matière d'immigration, d'investissement et de commerce
Le rôle de la Division consiste à élaborer, coordonner et mettre en œuvre la politique dans les domaines de l'immigration, de l'investissement et du commerce à l'intérieur du ministère. La Division est également responsable des activités et de la gestion de *Island Investment Development Inc. (IIDI)*.

La Division de la politique en matière d'immigration, d'investissement et de commerce assume différentes responsabilités de soutien des objectifs de développement économique du ministère. Le lancement du *PEI Nominee Program* est un événement important de l'année 2002-2003. Le programme offre aux immigrants trois voies d'entrée dans la province et tente de relever, en partie

du moins, les défis auxquels fait face la province pour attirer les immigrants.

La Division est responsable de la politique en matière d'immigration et également de l'administration du Programme d'immigration des gens d'affaires du gouvernement fédéral, notamment de la gestion et des activités de *IIDI* (fonds de l'Île) et du *Prince Edward Island Century 2000 Fund*. Elle est également responsable d'autres aspects de la politique en matière d'immigration tels que les programmes de réinstallation, les questions humanitaires concernant les réfugiés et l'application des nouveaux niveaux et questions concernant la politique d'immigration du fédéral.

La Division fournit également une direction à la politique stratégique dans les domaines du commerce interne et international. Les grandes questions comprennent : le bois d'œuvre résineux, le conflit dans l'industrie laitière avec l'OMC et l'Accord sur le commerce intérieur (ACI).

Politique et planification

La Division de la politique et de la planification offre de l'aide en matière de politique et de planification, ainsi qu'un appui informatique (comprenant le développement de systèmes informatiques) à tout le personnel du ministère.

La Division est responsable du Centre d'information Internet primé, lequel fait la promotion de l'Î.-P.-É. comme un endroit pour faire des affaires, un endroit à visiter et fournit des renseignements au sujet de l'Î.-P.-É. aux Insulaires et également aux utilisateurs d'Internet. Parmi les nombreuses nouveautés du Centre d'information Internet, on trouve beaucoup de formulaires pouvant être remplis en ligne, un localisateur d'adresses et une station radio de musique de l'Île.

ACCESS PEI

2002/03 was a challenging year for Access PEI. Reductions in budgetary allocations and the implementation of the Workforce Adjustment Program resulted in staffing challenges in most regions. All but the smallest of the 13 Access PEI Centres were affected, with reduced staff levels or reduced operating or staffing hours. Nonetheless, staff continued to serve Islanders in large numbers; 153,000 cash transactions were recorded. Non-cash or informational transactions, such as providing forms, issuing water sample bottles, etc. are not recorded, but traditionally exceed the number of cash transactions, indicating that there were over 300,000 visitors to Access PEI Centres during the year. Telephone calls were estimated to be in excess of 300,000.

During the year changes were made in the telephone strategy for the Charlottetown area in an attempt to reduce pressure on the Riverside Drive Centre, which continued to be the most active Centre in the organization. Calls to the Riverside Branch were seamlessly transferred to the Stratford office. Other changes at Riverside Drive increased the availability of staff at the service counter.

The Access PEI Academy continued to be utilized. This year the Management Team implemented an innovative program in which trainees alternated between simulated training and active service provision in two-week periods. The concept proved to be very effective and became the model for future Access PEI Academy training.

One significant development through the course of the year was the finalization of the co-location with Human Resource Development Canada and East Prince Health at Access PEI Summerside. This initiative had been under development for almost two years. The initiative resulted in benefits to all parties. Probation services staff which had previously been located at Access PEI transferred to fully renovated premises at 109 Water Street.

From the Access PEI standpoint, the relocation of Human Resource Development Canada and East Prince Health into the center increased traffic flow and visibility and utilized some of the generous allotment of space which had existed in the service counter area. In general, this was an initiative which improved or simplified service to citizens and created opportunities for efficiencies through organizational collaboration.

In February of 2003, the Department of Development and Technology made the strategic decision to integrate Access PEI and the Government Web page in a single management structure, to be called Single Window Service. The reorganization should create economies of scale and other efficiencies, make it easier to manage the relationship between service delivery channels, and create a stronger brand to improve citizen familiarity with Prince Edward Island government services.

COMMUNICATIONS

The past year has been busy and productive for the Communications Division.

In an attempt to provide more streamlined service to Ministry, the communications division is centralizing its service. Communications staff will work under the same umbrella and provide cross-Ministry service. With the loss of the communications officer for Technology PEI, the remaining workload will be shared more evenly. The division now provides communications support to all parts of the Ministry, including Tech PEI and PEI Business Development.

The Division continued to work closely in conjunction with the PEI Energy Corporation on a number of initiatives and issues: the expansion of the North Cape Wind Farm, electricity rates and hearings on renewable energy

Communications continued the effort, in conjunction with the Minister and other Ministry divisions, to produce information that highlighted the province's continuing strong economic growth, especially with job creation, exports, new business starts and sales.
The division has worked closely with the Community Development Bureau, community groups and with federal funding partners to highlight the successes of the Bureau and its community partners. The second annual Community Development tour drew attention to achievements and developments across the province.

The implementation of "The Staff News" has been a big success. Further plans include more information about specific programs within the Ministry.

The Division continued to provide support to the Minister and Deputy Ministers' offices. Support included speeches, news releases, media events and briefing notes.

COMMUNITY AND LABOUR DEVELOPMENT

The Division is responsible for community and labour force development. Community development is supported with both regional staff and provincial financial resources that complement community capacity building processes.

Labour force development is supported with short term job creation support through the Employment Development Agency and strategically through the Canada/PEI Labour Market Development Agreement (LMDA) with support for skill training, wage subsidy, self-employment, and general labour force development initiatives that address social and economic needs.

The community development effort is assisted by the Community Development Bureau comprised of three provincial Cabinet Ministers while the LMDA is managed through a Management Committee comprised of two Provincial Deputy Ministers and senior HRDC officials. The Community Development Section is comprised of six (6) regionally located community development officers, a chief of community development and secretarial and administrative support. These positions facilitated capacity building in 26 rural communities and implemented numerous development projects.

The Division also participates in related departmental policy and planning initiatives to fulfil this role. Some objectives of the Division include:

Community Development

- matching division resources to community priority processes that allow for a better match between community objectives and provincial resources;
- provision of staff resources to support comprehensive planning processes at the local level;
- provision of staff resources to ensure that approved projects are implemented in a timely and cost effective way;
- hosting an annual community development forum.

Labour Market Development

- development of a multi-year Labour Market Development Plan to guide funding expenditures within the Canada/PEI Labour Market Development Agreement;
- research potential for the establishment and funding of PEI Industry Sector Councils;
- the rationalization of federal and provincial programs that support labour force development;
- the development of a reasonable information sharing arrangement that allows for a free flow of labour market information between both the federal and provincial governments;
- research and identification of a PEI Labour Force Development Strategy components.

SPECIAL INITIATIVES

Forum of Labour Market Ministers (FLMM)
The Forum of Labour Market Ministers is a provincial/territorial cooperative arrangement committed to the development of an integrated, effective, and efficient labour market. One of the Forum's objectives is consensual and collaborative approaches to decision making in national labour market matters.

The Division participates in the FLMM on a variety of policy issues with Canadian Provinces, Territories, and the Federal government through conference calls, meetings and general correspondence.

Community Development Bureau (CDB)
The Division was supported by the Community Development Bureau which is comprised by the departments of Development and Technology, Health and Social Services, Education, and Fisheries, Aquaculture and Environment. The Bureau met on five occasions to review and recommend financial assistance for community initiatives. The Bureau helps to rationalize and focus the Province's participation in community-based development.

Canadian Rural Partnership(CRP)
The Canadian Rural Partnership is an initiative established by the Government of Canada to stimulate rural development participation in provinces and territories throughout Canada. The Division worked actively with the local working federal/provincial committee and attended federal/provincial meetings.

Community Services Bursary Program
The Community Services Bursary is an initiative of the Department of Education which is delivered by the Community Development Officers. The program provides up to $500 for students entering their first year of training in an approved post-secondary learning institution. Eligible students are those in Grade 11 or 12 who worked in a volunteer capacity with a non-profit organization. Approximately 1,500 students have registered with over 280 non-profit organizations to date.

Healthy Child Strategy
The Department of Development and Technology is one of five provincial departments partnering in the Healthy Child Strategy with representation on the Children's Secretariat. The Department is involved through literacy and training programs, employment programs, and community development.

PROGRAM ACTIVITY 2002/2003

Regional Development Support Program

This program assisted community-based economic development organizations in various locations across PEI. Contributions were granted for planning new ventures, assisting with short-term operational costs where a long-term sustainability plan was being implemented, and providing gap capital assistance to enable a community project to proceed.

The following organizations received support from the Regional Development Support Program in fiscal year 2002/03: Northport Development Inc., Sir Andrew Macphail Foundation, Charlottetown Boys and Girls Club, Western Development Corporation, Brudenell Club House, Georgetown Regatta, Kings Playhouse, Community of St. Peters, Three Rivers Roma, Atlantic Veterinary College Inc., Resources West, Evangeline Council, Charlottetown Civic Centre, Tignish Initiatives Inc., Kings Playhouse, College of Piping and Victoria Wharf Development Inc. In all, the program supported 23 projects approving expenditures of approximately $388,023.

Community Development Fund

This fund contributed to community initiatives which helped to strengthen local communities. Sustainable projects with a high degree of community support, local funding contributions, and multiple funding partners were prioritized. Approved contributions totalled close to $884,000 among 50 projects. The total overall value of these projects was $6,500,000. Local communities provided 20% of project financing.

Some of the applicants receiving support were: PEI Literacy Alliance, Cardigan and Area Development Corporation, Town of Kensington, Eastern Eagles Soccer Association, City of Charlottetown-2 projects, Parkdale/Sherwood Lions, Belfast Development Corporation, Camp Abegweit Organization, Fort Augustus Recreational Club, Friends of Elmira Railway Museum Inc., Lennox Island Band Council, Mt. Stewart Community Council, West Prince Acadian Historic Committee, West Prince Horsemens'Association Inc., Western Community Curling Club Inc., Gulf Shore Community Corporation, Tourism Summerside Inc., Silver Fox Curling and Yacht Club, Central Development Corporation/International Children's Memorial, Community of Afton, Central Development Corporation/New Glasgow Board walk, Eastern Kings Community Enhancement Corporation, Morell Lions Club, Town of Alberton, Pinette Raceway Inc., Community of Tignish, St. Peters Area Development Corp., Community of Lorne Valley, Georgetown and Area Development Corp., PEI Plowing Match and Agricultural Fair, St. Teresa and Area Development Corp., Stratford Farm League "A", Argyle Shore Women's Institute, Clyde River Women's Institute, Bedeque Bay Environmental Management, Evangeline Recreation Commission, Le Marche, Acadian Museum Association Inc., Miscouche Firemen's Club, St. Nicholas Community Council, Maple Leaf Curling Club, O'Leary Area Development Corporation, MacKinnon Family Scots Cultural Centre, PEI Association of Exhibitions, Royal Canadian Legion, Sterling Women's Institute, Prince County Exhibition, Coronation Women's Institute, and Emerald Community Centre.

Community Facilitation Fund

This fund assisted community organizations to participate in an orderly development process. Contributions amounting to approximately $50,500 were approved for local surveys, community forums, training, concept drawings, newsletters, and to research various opportunities. Some of the organizations which received assistance were: Kensington and Rural Development Partners, Town of Souris, Conseil Evangeline, Cardigan Communities Development Association, O'Leary and Area Development Corporation, St. Teresa and Area Development Corporation, Active Communities Inc., Roma Site Development Committee, and Maple Leaf Curling Club.

ENERGY AND MINERALS

Energy and Minerals Section

Included in the Energy and Minerals Section's responsibilities are the development and implementation of energy policy for the provincial government. Under this mandate the Section evaluates energy policies, technologies and infrastructure for PEI; provides technical expertise to the province's industrial sector in regards to energy matters; monitors energy supply, demand and costs; maintains interprovincial and international liaisons with respect to energy; supports initiatives involving energy and the environment; and administers and regulates the exploration for minerals, oil and gas within the province.

Legislation that the Energy and Minerals Section is responsible for includes the *Maritime Electric Company Limited Regulation Act, Electric Power and Telephone Act, Energy-Efficient Appliances Act, Oil and Natural Gas Act, Mineral Resources Act, Petroleum Products Act* and *Natural Gas Distribution Act*.

Oil and Natural Gas Exploration

The Energy and Minerals Section administers and regulates the exploration and development of minerals and oil and natural gas resources within the jurisdiction of the province. During the past year, Prince Edward Island continued to experience a high level of exploration for natural gas. Presently, over 1.1 million acres (445,000 hectares) of the province's territorial jurisdiction is under permit for this activity. In June 2002, Rally Energy Corporation of Calgary Alberta was issued an oil and natural gas permit after a competitive bidding process, bringing the number of rights issuances to 14.

Exploration activities included Rally Corporation's shot-hole seismic programs in the Summerside and Kensington area which have provided the company with numerous drilling prospects for its shallow gas well plays. This led to the drilling of the Irishtown #2 well in February 2003, a location just north of Kensington, and is the first of a two-well drilling program scheduled for the area. Although Irishtown #2 did not prove commercial and was plugged and abandoned, the information obtained from drilling is always valuable for future exploration.

The eastern end of Prince Edward Island also experienced exploratory work as Kinetec Inc. ran several seismic lines both east and west of Souris. This program utilized vibroseis technology and was mainly confined to highway right of ways.

Because most of the permits issued are scheduled to expire within the next year, work plans are entering into a critical phase. Under the legislation, a permit must be converted to a production lease before it expires which requires the permit holder to demonstrate commercial quantities of hydrocarbons. An expired permit is considered vacant and is eligible for further issuance only after a competitive bid process has been undertaken.

Energy Data Base

An Energy Data Base is maintained by the section and continues to serve as a resource for the preparation of reports on energy and environmental issues and to assist the development of evidence for various filings at National Energy Board hearings.

Supply, demand and the costs of several energy fuels are compiled by the Department for the data base. On a biannual basis a wood fuel survey is commissioned to track the volume and pricing of this energy source as this information is not available from other data providers.

With the ratification of the Kyoto Accord by the Government of Canada in December 2002, there is considerable uncertainty as to the nature and magnitude of economic impacts, particularly to this region. It has been determined that previous analysis and modelling exercises were not based on the most current inputs and updating energy data sets will be required. Pooling the resources of their energy portfolios, a collaborative effort by all four Atlantic provinces resulted in the commissioning of an economic study by the Canadian Energy Research Institute (CERI). An ad hoc committee of energy officials provided CERI with the most current energy data and supervised the consultant's work. A report of provincial and sectorial impacts from complying with greenhouse gas emission reduction under the Protocol is expected to be completed by November 2003.

Intergovernmental Committees

Section staff represent the province on a number of intergovernmental committees pertaining to energy and the environment as part of PEI's responsibility as participants in the Council of Energy Ministers and the Joint Management of Canadian Energy and Environment Ministers. This includes representation through the National Air Issues Coordinating Committee (NAICC.)

Section staff sit on other federal/provincial committees that deal with various energy issues including electrical reliability and pipeline regulation. PEI is represented internationally on energy issues by section staff through the Northeast International Committee on Energy which is a sub-committee of the Conference of the New England Governors and the Eastern Canadian Premiers.

The Atlantic Ministers' Forum on Energy, in which Prince Edward Island continues to be the lead, has served as a useful body for energy officials to discuss and take action on a variety of issues through a cooperative and collaborative approach with their regional counterparts. Utilizing a format of both formal face to face meetings and informal conference calls, the Forum has dealt with such issues as harmonizing the regulation of oil and gas exploration, sharing energy efficiency information, and preparing the ground work for greater coordination and cooperation by the region's electrical utilities.

Prince Edward Island is the co-chair, with Natural Resources Canada, for the recently formed federal/provincial/territorial Renewable Energy Working Group. Promoting the advancement of renewable energy in Canada and examining possible standards or quotas for renewable energy in Canada are among the responsibilities of this Working Group.

Energy and the Environment

Particularly because of Canada's decision to ratify the Kyoto Accord, climate change continued to be one of the more dominant issues facing environment and energy departments across Canada over the past year. An overwhelming body of evidence has determined that the accumulation of greenhouse gases in the earth's environment, mainly from the burning of hydrocarbons for energy, is having a net effect of increasing temperatures and also changing climatic patterns. Expected affects include sea level rise and greater intensity storms. This province could be particularly at risk, being an island with highly erodible soils.

During the year, the province moved to update the **Prince Edward Island Climate Change First Business Plan.** However, it was decided to broaden the involvement of addressing climate change by engaging all Islanders instead of focussing on the mainly provincial initiatives of the first plan. A consultant was commissioned to conduct focus group sessions across the province to compile possible actions. The consultant also explored possible partnerships and funding opportunities with federal departments. The Energy and Minerals Section provided input to this process and it is expected that the second plan will be completed later in 2003 after full public consultation.

To increase public awareness of the climate issue among Islanders, funding from the Department through the Energy and Minerals Section continues to assist the Southeast Environmental Association, in cooperation with PEI EcoNet, to maintain a Prince Edward Island Climate Change "HUB". The HUB serves as a clearing house for a variety of publications that address the challenge of limiting the release of greenhouse gases to the environment. The HUB is located at EcoNet's office on 126 Richmond Street in Charlottetown (C1A 1H9). The coordinator of the HUB may also be reached by telephone at (902) 566-4170 or through the internet at www.climatechangepei.ca.

Smart Energy Management Program

This program offers an advisory service, including comprehensive energy audits and training workshops, to Island manufacturers and processors to improve the energy-efficiency of their facilities. Since the workshops were developed, approximately ten years ago, 90 of the estimated 110 Island manufacturers and processors have participated in at least one of either the Electrical Energy-Efficiency Workshop (PowerWise), Thermal Energy-Efficiency Workshop or the Energy-Efficient Refrigeration Workshop.

Section staff also provide a follow-up auditing service to clients that have participated in the program. This serves to respond to the clients' changing energy requirements, verify energy savings from recommended retrofits and trouble-shoot problems relating to energy consuming equipment. The program also features an interactive CD-ROM which allows program participants to have on-hand, all the information delivered in each of the workshops as well as energy-related software for use in monitoring their energy use.

Regulatory Matters

With the development of the Sable Offshore Energy Project (SOEP) and the subsequent completion of a natural gas pipeline within the region by Maritimes & Northeast Pipeline (M&NP) in 1999, natural gas has become accessible to many Maritime communities. The Energy and Minerals Section has been actively pursuing access to Sable Island natural gas, as well as the production from other potential East Coast natural gas fields. This has required monitoring of the regulatory process and intervening at National Energy Board (NEB) hearings in New Brunswick and Nova Scotia.

The Energy and Minerals Section also represents provincial interests on the Tolls and Tariffs Working Group regarding the Maritimes & Northeast Pipelines. This group provides input into the toll making process for the natural gas delivery system in the Maritime Provinces.

In 2002, the Province of PEI intervened in two NEB hearing pertaining to natural gas developments in the Maritimes. The first dealt with the Government of New Brunswick's application to the NEB to create special rules for the export of natural gas to the US market. New Brunswick asserted that

natural gas producers would prefer to sell gas into the US market rather than sell to Canadian customers. Prince Edward Island argued that it should have equal access to natural gas supplies on terms and conditions that are equivalent to the terms and conditions offered to parties in the export market. PEI was not asking for any special deals or special consideration. The NEB decided that there was no evidence to suggest that US buyers were given preferential treatment, but noted that the natural gas market in the Maritimes is an immature market and not fully functional. It created a Maritime Markets Monitoring Team to investigate and report (on a regular basis) the natural gas market in Maritime Canada.

The other hearing was to deal with an application by Maritimes and Northeast Pipelines to expand their pipeline system to move natural gas from the Deep Panuke Project to markets in Canada and the United States. M&NP plans to construct 4 compressor stations to increase the pressure and flow on the existing M&NP mainline, which runs from Goldboro, Nova Scotia to the New Brunswick / United States border near St. Stephen, New Brunswick. The Prince Edward Island intervened and supported the application of M&NP. The Board approved the application.

Accessing Natural Gas

Most Canadians have experienced the benefits of natural gas as a cost-efficient, reliable and clean-burning source of energy. In addition to monitoring the regulatory process in the other Maritime Provinces and intervening at regulatory hearings, the section staff have been actively pursuing natural gas access for PEI.

The Section and the PEI Energy Corporation have been working on a Natural Gas Development Plan which will bring natural gas to PEI for the first time. The project includes on-Island gas-fired electrical generation (200 MW), access to gas for large industrial users and the staged development of a local distribution system to serve residential and commercial customers. The project would also see a natural gas pipeline built to the Island from the mainline near Aulac, New Brunswick.

PEI EnerPool Program

The EnerPool Program, initiated in 1978, continues to demonstrate the effectiveness of ride-sharing transportation in optimizing energy consumption and reducing traffic congestion. Routes from Souris and Summerside provide weekday transportation to and from Charlottetown.

FINANCE AND ADMINISTRATION

Finance & Administration provides support services to the operating Divisions of the Department. Major areas of responsibility include:

- Budget preparation
- Expenditure monitoring and forecasting
- Purchasing
- Invoice and expense claim processing
- Staffing
- Classification
- Payroll
- Staff development
- Other employee-related programs

Departmental Staff Complement

Permanent

On March 31, 2003, the Department had 67 permanent full-time equivalent positions. The following is a breakdown of these positions:

Departmental Management	5
Single Window Service	49
Community and Labour Market Development	12
Regional Economic Development Agreement	1
	67

Casual

Approximately 25 employees were hired on a casual basis, primarily in Access PEI.

IMMIGRATION, INVESTMENT AND TRADE POLICY

Immigration & Investment

The mandate of the Immigration and Investment division is to develop and implement immigration policy, primarily through the Prince Edward Island Nominee Program.

The 1999 Prince Edward Island Population Strategy and recent Statistics Canada census data underscore that our future growth and prosperity will increasingly be influenced by successful immigration policy. Analysis of PEI's demographic trends implies that by 2010, immigration will account for net labour force growth and by 2031 for total population growth.

Competition for immigrants is growing internationally. The United States remains the country of choice for many economic migrants while Canada's prime immigration destinations are Montreal, Toronto, Vancouver and the Calgary-Edmonton corridor. Using its unique attributes, PEI has to position itself as a destination of choice for newcomers with the skills, business acumen and capital to invest in our economy and contribute fully to Island society.

Immigration is a constitutional responsibility of the federal government; however, provinces and territories exercise influence over national policy and programs through special cooperation agreements to deal with regional concerns. The Canada-Prince Edward Island Agreement for Cooperation on Immigration was entered into by the federal and provincial governments in March 2001 and represents a first step toward treating immigration as a shard jurisdiction.

The Agreement underpins the Prince Edward Island Nominee Program which permits the Province to select, or nominate, up to two hundred foreign nationals per year for the award of permanent resident status. In turn, permanent resident status entitles immigrants to live and work in Canada and to later apply for citizenship.

The PEI Nominee Program was fully launched in Fall 2002 following a comprehensive programme re-design and expanded marketing capacity through a network of offshore immigration lawyers and consultants. The re-design of the Nominee Program reflected empirical research of PEI's immigration trends based on Statistics Canada data. Among the key findings are that PEI faces challenges in attracting immigrants when compared with Canada's prime destinations. However, the research implies PEI's prognosis to attract economic migrants improves by target marketing to immigrants with post secondary education, capacity in an official language and other attributes to ensure integration within Island society.

The re-designed program offers immigrants three streams of entry: Skilled Workers, Immigrant Entrepreneurs and Immigrant Partners. In all cases, the principal applicant must have a baccalaureate degree, or technical/trade equivalent and the ability to read, write and speak in an official language.

Skilled Workers are nominated base on educational credentials and experience in an occupation where labour shortages exist in the PEI workforce. They are also required to pre-arrange a full time job with an Island employer at prevailing rates of compensation.

Immigrant Entrepreneurs are required to establish a business in which they will invest a minimum of $200,000 and which can provide a reasonable living for the immigrant family.

Immigrant Partners are required to invest $200,000 in preferred shares of a qualifying Island company and must take an active role in the investee company, either as senior managers or on the Board of Directors.

Following are key performance indicators of the PEI Nominee Program achieved during 2002-03:

Completed Nomination & Nominations -in-Progress				
	Completed Nominations		Nominations-in-Progress	
Skilled Workers	21	26%	101	48%
Immigrant Entrepreneurs	7	9%	5	2%
Immigrant Partners	51	65%	103	50%
TOTAL	**79**	**100%**	**209**	**100%**

PEI currently markets its Nominee Program through a network of Canadian and offshore immigration lawyers and consultants. The success of our immigration program reflects their professionalism, energy and integrity. During 2002-03, we expanded the network from approximately five agents to twenty-five. The federal government is about to create a regulatory regime to govern the professional standards and ethics of immigration lawyers and consultants practising in Canada, which the Province of PEI fully endorses.

Other accomplishments during 2002-03 occurred in collaboration with the Ministry's Policy and Planning division. An immigrant website was developed and launched in October, 2002 as a marketing tool and to expand our delivery of services to immigrants online. The website has been enthusiastically received by prospective immigrants and other users.

In addition, during 2002-03 staff of Immigration & Investment and Policy & Planning jointly designed a customized electronic management information system to improve program delivery and administration. Once fully operational, the system will offer sophisticated data management capacity and will also allow the Province to track and forecast key immigration trends.

In summary, 2002-03 was a busy and highly productive year, characterized by nearly continuous change. None of these accomplishments could have occurred without the hard work, dedication and patience of Immigration & Investment's small staff complement or the invaluable contributions of our agents.

Trade

International trade is assuming greater importance as Prince Edward Island's economy is increasingly impacted by globalization and the complexities of international trade. The division's responsibilities

for trade policy development, advocacy and provincial coordination include:

- overseeing the Atlantic Procurement Agreement designed to reduce inter-provincial trade barriers;
- serving as PEI's Internal Trade Representative in overseeing and coordinating intra-governmental engagement in issues raised under the various chapters of the Internal Trade Agreement between the Government of Canada and the provinces/territories;
- providing trade policy advice to government departments, agencies and boards in respect of regional, national and international trade issues. Key trade agreements monitored by the division include World Trade Organizations (WTO) Agreement; North American Free Trade Agreement (NAFTA), Free Trade Agreement with the Americas (FTAA), and the Canada/Chile Agreement.

In addition, the division works closely with PEI Trade and Development Inc, the Government of PEI's representative in Hong Kong. Our trade presence in the Asia-Pacific region offers PEI companies advice and contacts to capitalize on promising business development opportunities. Trade missions sponsored during the 2001-02 fiscal year included:

(1) the highly successful PEI seafood mission led by the Hon. Michael F. Currie in January 2002;
(2) representation of the University of Prince Edward Island at the Canadian Education Fair in October 2001; and
(3) representation of Technology PEI at the Hong Kong II Show in March 2002.

PEI Trade and Development Inc also plays an important role in PEI's immigration operations because our most active markets are currently China (PRC), South Korea and other countries in the Asia-Pacific region. The mandate of the division is to develop, coordinate and implement policy in the areas of immigration, investment and trade. The division is also accountable to manage the $86 million consolidated assets of the Island Investment Development Inc. group of companies (IIDI).

Trade Policy

Prince Edward Island's economy is increasingly trade dependent and various international trade agreements that the federal government enters into provides the framework for Prince Edward Island businesses to conduct business around the world. The activities for trade policy development, advocacy and provincial coordination included:

- Overseeing input by the Government of Prince Edward Island into the Atlantic Procurement Agreement, an agreement entered into by the Council of Atlantic Premiers to reduce interprovincial barriers related to government procurement;

- served as PEI's Internal Trade Representative in coordinating and providing provincial input into issues raised under various chapters of the Agreement on Internal Trade (AIT). The AIT is an agreement to reduce and eliminate trade barriers within Canada, entered into in 1995 among the provinces and the federal government.

- represented Government of PEI interests to the federal government on the Federal/Provincial Committee of Officials on International Trade. Key international trade agreements that were monitored and where input into issues was provided were: World Trade Organization (WTO) Agreements on Agriculture and Services; North American Free Trade Agreement; and, Canada-Chile Free Trade Agreement. As well, input was provided on negotiations related to several bilateral and regional free trade agreements that the federal government is engaged in with Free Trade Area of the Americas (FTAA), Singapore, European Free Trade Area, Costa Rica and various other Caribbean and South American countries.

- provided trade policy advice to government departments, agencies or boards or represented the PEI government with respect to various trade disputes or issues including: WTO Dairy Dispute with the United States and New Zealand; Softwood Lumber Dispute with the United States; United States Legislation on Bioterrorism Related to Food Imports.

POLICY AND PLANNING

The Policy and Planning Division is a resource and support for the Department's other divisions. The overall responsibilities of the Division are as follows:

- Management of strategic policy and program areas including computer support for Departmental staff and Access PEI
- Development and updating of the Government of Prince Edward Island's web site
- Analysis of policy issues and provision of advice to Senior Management on a variety of issues,
- Preparation of material for Minister and Deputy Minister,
- Development of proposals,
- Strategic planning,
- Coordination of Departmental input and responses,
- Preparation of multimedia presentations, and
- Program evaluation.

Government of Prince Edward Island Web Site
Staff in the Division worked with Reinvented Inc., a private sector company, to develop the Government of Prince Edward Island's web site. The objectives of the site are to:

- Promote PEI as a place to do business,
- Promote PEI as a place to visit, and
- Provide information about Prince Edward Island to Islanders and Internet users alike.

The intent for 2003-2004 is to continue to build the Government's web site to include as much information about PEI as possible and to expand the e-government content at the web site. The Internet is a cost-effective means of distributing information and promoting PEI. Islanders can now complete more than 60 forms on line. A government online page shows the range of e-government options now available to Islanders. Those seeking jobs with the government now have the option of submitting their application forms online. The Address Locator was developed for Islanders using the civic address database which enables users to obtain information related to the civic address such as the local MLA or MP. Government has also provided a radio station to showcase Island musical talent Material was also put on line for those with Palm Pilots to use including maps. In addition, the website now contains specialized sections on having a child, death and bereavement as well as gardening. All of these new information resources can be accessed at www.gov.pe.ca. There are more than 50,000 pages of information at the web site.

During Christmas of 2002, the Internet Information Centre enabled thousands of Internet users to send Christmas cards to other Internet users around the world and this proved to be a very popular feature. As well, the web site had a contest each day during the month leading up to Christmas.

The Director chairs an interdepartmental committee that works together to develop the content at

the Internet site on behalf of the Province. The information on the Internet about Prince Edward Island has been growing steadily.

A number of demonstrations were made for groups within and outside of government.

Coordination
The Division coordinates the preparation of the Department's annual report and the Ministry's strategic planning process.

Policy Analysis
The Manager prepares economic analysis background papers to support strategic initiatives and to analyze the impact of policy changes. The Manager represents the Department on various Provincial committees that research the economic impacts of policy changes.

The Manager represents the Province on various Federal/Provincial Committees such as the Federal/Provincial/Territorial Committee on Labour Statistics and the Canadian Occupation Projections Committee.

Coordinate Special IT Projects for the Department
The Section worked with staff at the Access PEI sites to plan and coordinate IT requirements for Access PEI.

The Manager is the Departmental IT Coordinator and consults with other Provincial Departments or IT groups regarding IT matters at each of the Access PEI sites.

The Manager of the Section coordinated any LAN room requirements, setup and shutdown with IT staff from other Provincial and Federal Government Departments at each Access PEI site.

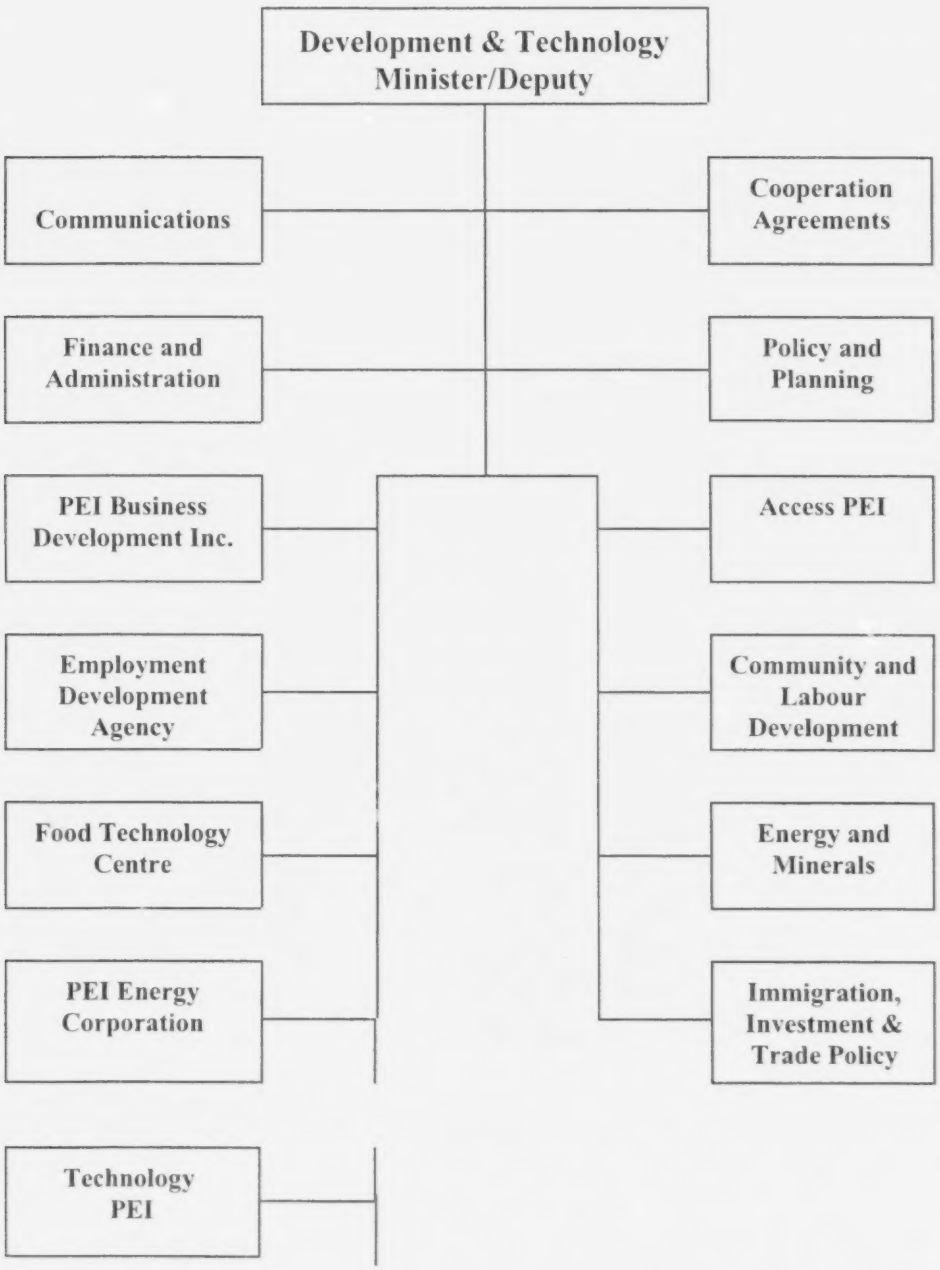
Management Information Systems Coordinator
The Manager of the Section represents the Department on various Provincial Government Committees to discuss IT issues and policies; such as, Network standards and IT security issues. Section staff represent the Department on Committees to identify software standards, setup procedures and hardware installations.

Network Administration and Support
The Section manages the local area networks for the Department and the Access PEI Sites. The Section Manager acts as departmental coordinator regarding computer matters. The Section provides day-to-day support for the Department and the Access PEI Sites for all hardware, software, and systems. The Section also coordinates IT LAN requirements for the setup of computers at presentations.

Information Technology Requirements
The Section recommends computer hardware and software purchases for the Department. The Section is responsible for the setup of computer equipment, the installation of software, and the inventory of all computer hardware and software.

APPENDIX A

MINISTRY ORGANIZATIONAL CHART
MARCH, 2002



APPENDIX B

DEPARTMENT OF DEVELOPMENT & TECHNOLOGY
LEGISLATIVE RESPONSIBILITIES

ACTS

Area Industrial Commission Act
Employment Development Agency Act
Energy Corporation Act
Energy Efficient Appliances Act (when proclaimed)
Institute of Man and Resources Act
Island Investment Development Act
Maritime Economic Cooperation Act
Mineral Resources Act
Natural Gas Distribution Act (when proclaimed)
Oil and Natural Gas Act
Prince Edward Island Business Development Inc.

BOARDS/COMMISSIONS/AGENCIES

Atlantic Wind Test Site
Canada Games Inc.
Capital Commission
Charlottetown Area Development Corporation
Community Advisory Boards (various)
Employment Development Agency
PEI Energy Corporation
Environmental Industrial Services Inc.
PEI Food Technology Centre
Gateway Village Development Inc.
Island Investment Development Inc.
Natural Gas Distribution Board
Prince Edward Island Business Development Inc.
Souris Food Park Development Corporation
Summerside Regional Development Corporation

APPENDIX C

Expenditures by Division (1)	Unaudited Actual 2002/03 $	Budget Revised 2002/03 $	Budget Estimate 2002/2003 $
Departmental Management	611,112	634,500	606,100
Single Window Service	2,985,602	2,869,900	2,862,700
Community and Labour Development	1,558,847	1,624,600	1,628,500
Cooperation Agreements	1,025,211	1,059,000	1,170,600
Total Department	6,180,772	6,188,000	6,267,900
Revenue	305,444	283,100	283,100

Notes:

(1) Detailed information is appended.

DEPARTMENT OF DEVELOPMENT AND TECHNOLOGY
Expenditures by Division

	Unaudited Actual 2002/03 $	Budget Revised 2002/03 $	Budget Estimate 2002/03 $
Departmental Management			
Administration	52,999	41,900	48,200
Equipment	26,569	23,200	0
Materials, Supplies, and Services	43,917	40,600	36,300
Professional and Contract Services	26,705	16,200	23,000
Salaries	414,915	471,000	455,800
Travel and Training	46,007	41,600	41,800
	611,112	634,500	606,100
Single Window Service			
Administration	315,409	306,500	374,900
Equipment	24,579	9,400	22,900
Materials and Supplies	100,510	97,300	89,900
Professional and Contract Services	90,159	85,300	75,000
Salaries	2,402,965	2,324,400	2,257,400
Travel and Training	51,180	47,000	42,600
Grant	800	0	0
	2,985,602	2,869,900	2,862,700
Community and Labour Development			
Administration	2,576	2,500	2,600
Equipment	240	0	0
Materials, Supplies and Services	161	200	1,400
Professional and Contract Service	11,700	11,700	7,000
Salaries	599,052	612,200	634,800
Travel and Training	40,240	41,600	49,200
Grants	904,878	956,400	933,500
	1,558,847	1,624,600	1,628,500
Cooperation Agreements			
Administration	365	1,100	1,300
Materials, Supplies and Services	56	100	0
Salaries	57,730	57,800	57,800
Travel and Training	1,167	3,500	3,500
Grants	965,893	996,500	1,108,000
	1,025,211	1,059,000	1,170,600
Total Department	6,180,772	6,188,000	6,267,900